

CSA Staff Notice 31-335
*Extension of Interim Relief for Members of the
Investment Industry Regulatory Organization of Canada from the Requirement
in section 14.2(1) of National Instrument 31-103 Registration Requirements,
Exemptions and Ongoing Registrant Obligations in Respect of the Provision of
Relationship Disclosure Information to Existing Clients*

October 3, 2013

Introduction

All Canadian Securities Administrators (CSA) members have issued parallel orders that provide a limited extension of previously issued interim relief from the requirement to provide relationship disclosure information (RDI) prescribed by section 14.2(1) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) for firms that are members of the Investment Industry Regulatory Organization of Canada (IIROC). The relief has been extended to March 26, 2014 in respect of the provision of RDI to existing clients only (i.e. clients that were clients of the firm before March 26, 2013).

Relief

Section 14.2(1) of NI 31-103 sets out the principle that a registered firm must deliver to a client all information that a reasonable investor would consider important about the client's relationship with the registrant.

As announced in CSA Staff Notice 31-329 issued on September 28, 2011, all CSA members issued parallel orders that exempted firms that are members of IIROC from the application of the requirement of section 14.2(1) of NI 31-103, provided that after the IIROC RDI rules are approved, the IIROC member complies with them, subject to applicable transition periods. The orders were set to expire on December 31, 2013, by which time the IIROC RDI rules were expected to be fully implemented.

On March 26, 2012, IIROC announced in IIROC Notice 12-0107 *Client Relationship Model – Implementation* the implementation of, among other things, new IIROC Dealer Member Rule 3500 – *Relationship disclosure* (the **IIROC RDI Rule**). The IIROC RDI Rule sets out detailed requirements to assist registered firms who are IIROC members to comply with the general principle in section 14.2(1) of NI 31-103.

The implementation schedule for the IIROC RDI Rule provided that the provision of RDI to: (i) new clients be given a one year transition period, with an effective implementation date of March 26, 2013, and (ii) existing clients be given a two year transition period, with an implementation date of March 26, 2014.

Since the IIROC RDI Rule will not come into effect until March 26, 2014 in respect of the provision of RDI to existing clients, all CSA members have issued parallel orders that exempt registered firms that are members of IIROC from the application of the requirements of section 14.2(1) of NI 31-103 in respect of the provision of RDI to their clients that were clients of the

firm before March 26, 2013. The orders will come into effect on December 31, 2013 and will expire on March 26, 2014, by which time the IIROC RDI Rule will be fully implemented.

We are publishing the orders with this Notice. The orders are also available on websites of CSA members, including:

www.lautorite.qc.ca

www.albertasecurities.com

www.bcsc.bc.ca

www.msc.gov.mb.ca

www.gov.ns.ca/nssc

www.nbsc-cvmnb.ca

www.osc.gov.on.ca

www.sfsc.gov.sk.ca

Questions

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THE SECURITIES ACT)
)
Section 20(1) and National Instrument)
31-103 *Registration Requirements*)
And Exemptions)

Order No. 6813

October 3, 2013

Transitional relief from the requirement to provide the relationship disclosure information prescribed by section 14.2(1) of NI 31-103 for IIROC member firms

BLANKET ORDER 31-514

INTERPRETATION

Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103") or National Instrument 14-101 *Definitions* have the same meaning.

WHEREAS:

(A) Under section 14.2(1) [*relationship disclosure information*] of NI 31-103, a registered firm must deliver to a client all information that a reasonable investor would consider important about the client's relationship with the registrant.

(B) Under section 16.14 of NI 31-103, section 14.2 of NI 31-103 did not apply until September 28, 2010 to persons or companies that were registered on September 28, 2009.

(C) On September 10, 2010, the commission issued Blanket Order 31-514, providing temporary relief from the application of section 14.2(1) of NI 31-103 until September 28, 2011 to Investment Industry Regulatory Organization of Canada ("IIROC") members. The temporary relief was provided in anticipation of the finalization of the IIROC relationship disclosure information proposal (the "RDI Proposal").

(D) On September 23, 2011, the commission issued Commission Order No. 6400 *Transitional relief from the requirement to provide the relationship disclosure information prescribed by section 14.2(1) of NI 31-103 for IIROC member firms Blanket Order 31-514*, providing further temporary relief from the application of section 14.2(1) of NI 31-103 until December 31, 2013 to IIROC members (the "RDI Order"). It was anticipated that the IIROC RDI Proposal would be finalized and new IIROC member rules reflecting the IIROC RDI Proposal would be approved before the end of 2011 with provisions for their implementation in phases over a two-year transition period.

(E) On March 26, 2012, the IIROC announced in IIROC Notice 12-0107

Client Relationship Model – Implementation the implementation of, among other things, new IIROC Dealer Member Rule 3500 – *Relationship disclosure* (the “IIROC RDI Rule”).

(F) The IIROC RDI Rule sets out detailed requirements to assist registered firms who are IIROC members to comply with the general principle in section 14.2(1) of NI 31-103.

(G) The implementation schedule for the IIROC RDI Rule provided that the provision of relationship disclosure information to: (i) new clients be given a one year transition period, with an effective implementation date of March 26, 2013, and (ii) existing clients be given a two year transition period, with an implementation date of March 26, 2014.

(H) If a registered firm that is a member of IIROC is required to comply with section 14.2(1) of NI 31-103 on December 31, 2013, the date when the RDI Order expires, it will be required to prepare detailed relationship disclosure information for its existing clients and may incur significant costs changing its relationship disclosure communications with existing clients when the IIROC RDI Rule is implemented.

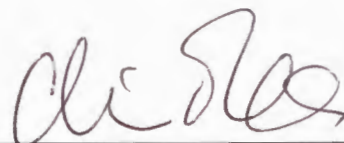
(I) Since the IIROC RDI Rule will come into effect on March 26, 2014 in respect of the provision of relationship disclosure information to existing clients, the cost that IIROC members will incur by having to comply with section 14.2(1) of NI 31-103 on December 31, 2013 in the interim is not justified.

IT IS ORDERED:

1. **THAT** under s. 20(1) of *The Securities Act*, R.S.M. 1988, c. S50, registered firms that are members of IIROC are exempt from section 14.2(1) of NI 31-103 in respect of the provision of relationship disclosure information to their clients that were clients of the firm before March 26, 2013.

2. **THAT** this order comes into effect on December 31, 2013 and expires on March 26, 2014.

BY ORDER OF THE COMMISSION



Deputy Director